GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1984
ANSWERED ON:03.08.2001
FOREIGN DIRECT INVESTMENT
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Indian industry has welcomed the liberalisation move of the Government;

(b) if so, the extent to which the liberalisation move has helped the Indian industry;

(c) whether the foreign investment in all the sectors have been encouraged;

(d) if so, the total foreign investors that have come after this decision; and

(e) the extent to which the easing of FDI norms has helped India?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (Dr. Raman Singh)

(a) to (e): A statement is enclosed.

Statement Referred to in reply to parts (a) to (e) of the Lok Sabha Unstarred Question No. 1984 for answer on 3rd August, 2001

(a) Apex Industry associations have welcomed the liberalisation and have even sought further reforms.

(b) to (e) The process of Liberalisation has been more extensive since 1991. Industrial Licensing stands abolished for all industries, except a few, which are strategically important. Liberalisation was brought in with a view to bring competition and free market, efficient use of scarce resources and ensure rapid growth. The liberalisation has made the entrepreneurs free to take investment decisions based on their own perception. The economic reforms have also generated considerable interest among foreign investors encouraging them to invest in India.

Since initiation of liberalisation policy till June, 2001, the proposed investment as reflected in Letters of Intent (LOIs) and Industrial Entrepreneur Memorandum (IEMs) stood at Rs. 1,027,491 crore.

During the period from 1991 to May, 2001, 12,842 proposals for Foreign Direct Investment (FDI) worth Rs. 259,545.3 crore have been cleared. The total inflows amounting to Rs. 96,034.5 crore have been received during the period, showing a steady increase in FDI approvals and realisations during the post liberalisation policy period.

The amount of inflows has supplemented the domestic investment required for achieving a higher level of economic development. FDI benefits domestic industry by providing opportunities for technological up-gradation, access to global managerial skills and practices. It encourages optimal utilisation of human and natural resources, making Indian industry internationally competitive, opening up export markets and access to international quality goods and services.